

477-000-008 – Deductions using MAGI-Based Methodology

Deductions Allowable by the IRS

The items listed below are categorically subtracted from gross income to arrive at adjusted gross income, which, for an individual, is gross income minus the following deductions. If the MAGI income from the hub is not used and income verification is requested, these deductions would be applied to the earned income.

1. Trade and business deductions
2. Certain trade and business deductions of employees (i.e. reimbursed expenses of employees, certain expenses of performing arts, officials, elementary and secondary school teachers, and members of reserve components of the Armed forces of the United States.)
3. Losses from sale or exchange of property
4. Deductions attributable to rents and royalties
5. Certain deductions of life tenants and income beneficiaries of properties
6. Pension, profit-sharing, and annuity plans of self-employed individuals
7. Retirement savings
8. Penalties forfeited because of premature withdrawal of funds from time savings accounts or deposits
9. Alimony
10. Reforestation expenses
11. Certain required repayments of supplemental unemployment compensation benefits
12. Jury duty pay remitted to employer
13. Deduction for clean-fuel vehicles and certain refueling property
14. Moving expenses
15. Archer MSAs
16. Interest on education loans
17. Higher education expenses
18. Health savings accounts
19. Costs involving discrimination suits, etc.
20. Attorney's fees relating to awards to whistleblowers.

Note: This list is subject to change every time the IRS updates the Tax Code.